

STATEMENT OF PURPOSE

RS21831

All real and personal property in Idaho is subject to property tax each year, based on its value, unless a specific exemption is provided by law. Property owned by the United States, the State of Idaho, counties, cities, school districts, public libraries, and "other municipal corporations" are exempted from property tax by the Idaho State Constitution, (Article 7, §4). The Legislature is authorized to exempt other property by statute and has enacted a number of exemptions for property owned by various nonprofit organizations with purposes which have been deemed beneficial to the residents of the state.

The question of whether property owned by an Indian tribe is exempt from tax can be a complicated legal matter. The Organic Act of the Territory of Idaho, §§ 1 and 17 recognized tribal rights obtained pursuant to treaties and other engagements between the United States and the Tribes within the Territory. Idaho State Constitution (Article XXI, §19) declares that the people of the State of Idaho forever disclaim all right and title to lands within the state owned or held by "any Indians or Indian Tribes". Section 63-309, Idaho Code, enacted in 1996, provided that improvements by "non-exempt persons" on "government, Indian, state, county, municipal and other lands exempt from taxation" are assessed and taxed as personal property, thus including "Indian" lands among governments whose lands are exempt from taxation.

Taxation of Indian Tribal property by Idaho counties is of recent origin and has been under discussion between the various counties and the Tribes for several years. The Tribes, like federal, state or county governments, also provide essential services within the reservation boundaries that benefit not only tribal members, but non-tribal residents and nonresidents as well. The purpose of this legislation is to treat all governmental properties the same, whether federal, state, county or tribal, by statutorily exempting property owned by the tribal governments within the reservation boundaries. The result will be to provide a resolution to the issue which will recognize the historical and legal precedent surrounding the issue, as well as the economic contributions provided by the Tribes to members of the community-at-large, tribal and non-tribal alike.

FISCAL NOTE

There is no fiscal impact to state funds. Total property taxes levied on lands within the reservation boundaries of the five federally recognized tribes within the state, for the benefit of all taxing districts within those areas, were approximately \$303,667 in 2012. However, counties within the reservations will continue to receive direct payments, by or on behalf of the Tribes, to local government taxing units that offset the removal of tribal lands from property tax rolls. For example, the Coeur d'Alene portion of the total tax bill referenced herein is \$204,215. In 2012, direct payments, by or on behalf of the Coeur d'Alene Tribe, to local governments within the reservation, were in excess of \$2.5 million dollars.

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